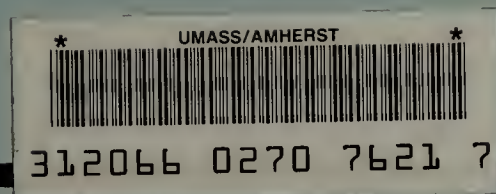


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CORE FOCUS

a commercial / residential development strategy



MASSACHUSETTS SMALL CITIES PROGRAM

AND

MASSACHUSETTS CHAPTER 707 RENTAL ASSISTANCE

COMMONWEALTH OF MASSACHUSETTS

MICHAEL S. DUKAKIS, GOVERNOR

EXECUTIVE OFFICE OF COMMUNITIES AND DEVELOPMENT

AMY S. ANTHONY, SECRETARY



CORE FOCUS PROGRAM
PROGRAM DESCRIPTION
AND
APPLICATION

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CORE FOCUS

PROGRAM DESCRIPTION

Communities throughout the Commonwealth are developing incentives to create and retain affordable housing units for their citizens. Among these incentives are those offered by EOCD to owners of key, mixed-use residential/commercial structures for the physical improvement of their buildings.

The goal of the CORE FOCUS Program is to provide low and moderate income housing opportunities and revitalize major neighborhood and downtown buildings, through the acquisition and rehabilitation of housing and commercial space in vacant, underutilized and deteriorated buildings.

The CORE FOCUS program is designed to assist communities with major mixed-use housing/commercial projects by: (1) providing a "one stop" opportunity for communities to apply for two resources through a single Request for Proposal; and (2) providing assistance in the form of loans to private for-profit entities and non-profit entities that require low interest, long-term, subordinate financing in order to make such projects economically viable.

This is accomplished through the use of two public resources -- Massachusetts Small Cities Community Development Block Grant funds and Chapter 707 rental subsidies. Although this Request for Proposal is designed for Small Cities eligible communities, municipalities which have entitlement designation by the U.S. Department of Housing and Urban Development are encouraged to apply for a Chapter 707 Moderate Rehabilitation unit allocation through this Request for Proposal. If other funds are still necessary to make the project feasible, such cities and towns are encouraged to utilize their Community Development Block Grant allocations, program income or UDAG repayments, or other local resources in bringing such projects "on-line".

The Massachusetts Small Cities and Chapter 707 Moderate Rehabilitation Program resources will create opportunities for cities and towns throughout the Commonwealth to:

- o Provide maximum benefit to low and moderate-income families by increasing their ability to gain access to suitable housing units at affordable rents.
- o Increase the supply of affordable housing through rehabilitation of existing units and the creation of new units in underutilized space.
- o Target tandem resources for revitalizing key structures and sites in the central core of municipalities thereby promoting and supporting on-going downtown and neighborhood community development strategies.

These resources will assist in decreasing development costs by making Massachusetts Small Cities funds available to fund necessary infrastructure improvements or assist in writing-down the actual financing costs for re-development; and through the Chapter 707 Moderate Rehabilitation Program by making available long-term rental subsidies which are directly attached to units.

1. The first part of the paper is devoted to a general discussion of the problem of the existence of solutions of the system of equations (1) and (2) for arbitrary values of the parameters α and β . It is shown that the system has solutions for all values of α and β if the function $f(x)$ is continuous and has a bounded derivative.

2. In the second part of the paper the problem of the existence of solutions of the system of equations (1) and (2) for arbitrary values of the parameters α and β is considered. It is shown that the system has solutions for all values of α and β if the function $f(x)$ is continuous and has a bounded derivative.

3. In the third part of the paper the problem of the existence of solutions of the system of equations (1) and (2) for arbitrary values of the parameters α and β is considered. It is shown that the system has solutions for all values of α and β if the function $f(x)$ is continuous and has a bounded derivative.

4. In the fourth part of the paper the problem of the existence of solutions of the system of equations (1) and (2) for arbitrary values of the parameters α and β is considered. It is shown that the system has solutions for all values of α and β if the function $f(x)$ is continuous and has a bounded derivative.

5. In the fifth part of the paper the problem of the existence of solutions of the system of equations (1) and (2) for arbitrary values of the parameters α and β is considered. It is shown that the system has solutions for all values of α and β if the function $f(x)$ is continuous and has a bounded derivative.

6. In the sixth part of the paper the problem of the existence of solutions of the system of equations (1) and (2) for arbitrary values of the parameters α and β is considered. It is shown that the system has solutions for all values of α and β if the function $f(x)$ is continuous and has a bounded derivative.

7. In the seventh part of the paper the problem of the existence of solutions of the system of equations (1) and (2) for arbitrary values of the parameters α and β is considered. It is shown that the system has solutions for all values of α and β if the function $f(x)$ is continuous and has a bounded derivative.

8. In the eighth part of the paper the problem of the existence of solutions of the system of equations (1) and (2) for arbitrary values of the parameters α and β is considered. It is shown that the system has solutions for all values of α and β if the function $f(x)$ is continuous and has a bounded derivative.

AVAILABLE RESOURCES

The CORE FOCUS Program brings together resources from two different state development programs -- the 707 Rental Assistance Program and the Massachusetts Small Cities Program. These resources can be used in innovative ways to make projects financially feasible. A brief overview of each program is provided below along with examples of how each may be used to undertake a CORE FOCUS project.

Chapter 707 Rental Assistance Program

The portion of the state's Chapter 707 Rental Assistance Program that will be used for CORE FOCUS projects is the Moderate Rehabilitation component. The purpose of this program is to supplement state-aided public housing programs by providing an opportunity to income eligible individuals and families who cannot be accommodated in existing developments to live in privately owned, moderately priced rental housing. The Moderate Rehabilitation component of the program provides exception rents of up to 20% above the Maximum Allowable Rent (MAR) permitted by EOCD for a particular area. Additionally, these rents are "tied" to the unit being rehabilitated rather than to the individuals residing there, for a period of 5 years.

It is not required that all residential units in a structure receive Chapter 707 rental subsidy. Where appropriate, EOCD encourages projects which contain a percentage of subsidized units with the balance of units still available at affordable rents for low and moderate income households.

Under the CORE FOCUS Program, property owners may use this guarantee of revenue to secure private market financing to pay for all or a portion of the actual rehabilitation work to be done on the project. Since there is no financing provided under the Chapter 707 program to pay for the actual rehabilitation work to be done, the owner is responsible for securing his/her own financing.

Massachusetts Small Cities Program

The Massachusetts Small Cities Program is the state's component of the Community Development Block Grant Program. This program is geared specifically to communities that have populations of less than 50,000 people and who are not considered "entitlement" communities under the CDBG Program. This program is an extremely flexible development tool which can be used in a number of ways and in combination with other programs to carry-out community revitalization projects.

With regard to the CORE FOCUS Program there are several possibilities for the use of these funds to complete a project. First, funds may be used to assist in the acquisition of a piece of property by a private party; they may also be used for demolition or site preparation for a development. Second, funds may also be used by the community to repair or construct any required public infrastructure improvements (e.g. water, sewer, etc.) that may be needed to make a project feasible. Third, funds may be used to finance a portion of the actual rehabilitation work to be completed.

In general, it is expected that MSCP money will be used as a low-interest loan made to the property owner/developer with the proceeds of that loan repaid to the community so that they can be used in future community development efforts. This loan would generally be subordinate to other financing sources and should be seen as a "gap" financing tool available to the developer.

Massachusetts Housing Partnership

The Municipal Advance Program has been established as part of the Massachusetts Housing Partnership to assist communities with technical assistance resources who are proceeding with affordable housing development projects. Such communities have established local housing partnerships.

Technical assistance funds are intended for use by municipalities for the hiring of consultants to perform pre-development tasks ranging from those of a preliminary nature such as title searches and appraisals to more production-oriented services, including construction cost estimating and preparation of developer kits. The specific role of municipalities in this program is to plan and facilitate the development of affordable housing through rehabilitation and new construction.

While not an available resource as part of the CORE FOCUS Program, the Municipal Advance Program is available for communities who have a need for technical assistance for pre-development tasks of an identified project. This program could be utilized prior to community requesting CORE FOCUS funds or in conjunction with developing the final application of the CORE FOCUS Program.

We encourage communities to use this resource where appropriate. For further information on the Municipal Advance Program, please contact David Lawson at (617) 727-0494.

FUNDING AVAILABILITY & APPLICATION SCHEDULE

Approximately \$1 Million has been earmarked for the CORE FOCUS Program from the Massachusetts Small Cities Program. There is no specific set-aside of funds for the Moderate Rehabilitation Program (Chapter 707). It is the intention of EOCD to allow the funding process to be flexible and responsive to the housing needs of individual communities. Therefore, the actual number of units awarded is largely dependent upon the number of quality applications received.

The amount of grant funds necessary to enable a development project to "move forward" will vary greatly from community to community and be dependent upon the size and complexity of the proposed project. Limitations on the amount of required MSCP assistance will range from \$30,000 to \$200,000 per project. In order to fund a variety of different projects, MSCP will generally maintain grant ceilings of no greater than \$200,000 per project.

There is no limit to the number of applications a community may file for CORE FOCUS assistance. However, municipalities may only receive one grant award each fiscal year.

With these parameters, the Executive Office of Communities and Development anticipates that 5-7 projects will obtain grant awards over the current program year.

For further information, please contact:

Toni Coyne Hall
Massachusetts Small Cities Program
Executive Office of Communities and Development
100 Cambridge Street, Room 904
Boston, MA 02202
(617) 727-0494

Due Date

Applications for CORE FOCUS Assistance will be accepted by EOCD beginning November 1, 1986. Applications will then be accepted by EOCD on a continuous basis. This will permit municipalities to apply for funds as the need arises and when projects are ready to move forward.

An original and four copies should be addressed to:

Secretary Amy S. Anthony
Executive Office of Communities and Development
100 Cambridge Street, Room 904
Boston, MA 02202
Attention: CORE FOCUS Program

ELIGIBLE APPLICANTS

Only units of local governments can apply for and receive MSCP funds and only housing authorities (or in the absence of an established local housing authority, a non-profit agency currently under contract with EOCD) can apply for and receive Chapter 707 funds.

Additional restrictions are as follows:

- (1) Communities can only receive one award under the CORE FOCUS Program during the fiscal year.
- (2) Projects must be located in the city or town's downtown or neighborhood commercial center and preferably be a mixed-use structure with approximately 80 percent of the structure dedicated to residential space.
- (3) Leveraging: there is a minimum requirement that there be a dollar for dollar (\$1:\$1) private:public leveraging ratio, with higher private leveraging anticipated by EOCD.
- (4) The amount of MSCP assistance should be no greater than \$10,000 per unit. If more than \$10,000 per unit of MSCP funds is required, documentation must be provided, substantiating the higher development cost.
- (5) A community must have existing administrative capacity and a documented commitment to manage this program.
- (6) For those projects which include rehabilitation of eight (8) or more residential units and/or commercial improvements greater than \$2,000, federal Davis-Bacon wages apply for wages to be paid by contractors performing contracting services.

EVALUATION CRITERIA

All applications for assistance through the CORE FOCUS Program will be evaluated and rated competitively on the following major criteria:

- (1) Project feasibility: determined by financial pro-forma analysis, market feasibility, firmness of private financial commitment, documented evidence of need for "gap" financing.
- (2) Impact: retention/creation of housing units, particularly for a majority of low and moderate income households, and creation/retention of viable commercial units.
- (3) Management capacity: an applicant must have the capability to carry out this program. An administrative structure must be in-place within the community and housing authority that can jointly coordinate the various elements of the program and carry them out within a timely manner.
- (4) Consistency with overall community revitalization strategy: project will complement on-going downtown or neighborhood center revitalization efforts and strategies.

- (5) Compliance with state policies: communities must be in compliance with state policies and priorities including Executive Order 215 (state directive on housing growth) and Executive Order 227 (non-discrimination).

APPLICATION PROCESS

In order to reduce unnecessary paperwork and ensure that only realistic proposals undergo a full application review, EOCD is encouraging communities considering applying to the CORE FOCUS program to notify EOCD of their intent prior to submittal of an application. This will enable cities and towns to inform EOCD of the proposed project and, in turn, allow EOCD to perform a preliminary analysis of the proposed project, through a site visit. Upon acceptance of this notice and a determination of feasibility EOCD will provide technical assistance to the municipality in the requirements necessary for a final application.

(A) Notice of Intent

In order to facilitate the review process and ensure that only feasible and complete applications are submitted, communities must notify EOCD of their proposed project by completing the Notice of Intent forms located on pages 7 and 8.

The following requested information will briefly describe:

- (1) Project identification: the physical characteristics of the site including existing buildings, current zoning, historical significance of the site or the neighborhood in which the project site is located.
- (2) Current use: the activities for which the site is presently being used; number of apartments; number of commercial establishments; the occupancy and vacancy rates.
- (3) Proposed project: improvements that will be made to the site and structure; the estimated costs of those improvements; and, the financial sources to complete the project.

The Chief Elected Official of the community and Chairman of the Housing Authority Board will certify the municipality's intent to apply for CORE FOCUS resources as part of the Notice of Intent and at the time of Final Application.

CORE FOCUS PROGRAM

NOTICE OF INTENT

Applicants shall briefly describe all the information requested below. If the requested information is not known, please specify that.

COMMUNITY _____ PROJECT NAME _____

PROJECT IDENTIFICATION: Describe the physical characteristics of the site. Such as:
1) the location of the site within the community, particularly within the Commercial Business District or the neighborhood center; 2) current zoning; and, 3) historical significance of the site or the structure.

CURRENT USE: Describe the present use of the site and structure. Identify what activities are presently done on the site, (i.e. office space, retail space, residential or vacant); the number of commercial establishments and residential units, and the vacancy rate of each use.

PROPOSED PROJECT: Briefly and clearly describe the proposed changes that will be made to the site and the structure, and the preliminary identification of the financial sources which would be utilized to complete this project. This should include a listing of the improvements and their estimated costs; the estimated amount of CORE FOCUS funds which will be requested and the purpose to which they will be applied; the total number of residential units which the project will support; and, the number of Chapter 707 Moderate Rehabilitation units which will be requested.

Contact Name _____ Phone # _____

Title _____ Address _____

AUTHORIZATION

Signature of Chief Elected Official

Signature of Housing Authority Chairman

Typed Name and Title

Typed Name

Phone Number

Phone Number

(B) Application

The components listed below constitute a complete application for the CORE FOCUS Program. Applications should include these exhibits listed below in the order requested. The Project Narrative shall not exceed ten pages, excluding the forms noted below with an asterick.

APPLICATION FORMAT

***1. Cover Sheet**

2. Project Description

- a. general description of development site
- b. acquisition/relocation
- c. development team profile
- d. project feasibility and market feasibility
- e. residential and commercial unit distribution and rent schedule

3. Documentation to support above narrative

1. purchase agreement/option to purchase
2. appraisal
3. written cost estimates and bids

4. Project Financing

- a. developer's commitment to project [letter]
- b. evidence of commitment from private lenders
- c. CORE FOCUS use
- *d. financial analysis
 1. estimated development cost
 2. financing program
 3. rent calculations
 4. operating expenses
 5. cash flow analysis

5. Management Plan

***6. Project Schedule**

7. Program Income Plan

***8. Public Hearing Documentation**

***9. Certifications**

*** Forms**

Note: Communities should not submit a formal application for CORE FOCUS funds until after they have submitted a Notice of Intent, and received EOCD's approval to proceed to the next phase.

(1) APPLICATION COVER SHEET INSTRUCTIONS

APPLICANT

Community and Housing Agency:

The complete name of the applicant community and housing authority or housing non-profit agency.

Address:

General mailing address to which official correspondence should be sent.

Contact Person:

Name and Title of the local official responsible for preparing this application.

Address:

Mailing address of the Contact Person listed immediately above. If it is the same as the "Address" information, list "Same".

Telephone Number:

Number where the Contact Person can be reached on a daily basis.

PROJECT

CORE FOCUS Request:

The amount of Massachusetts Small Cities Program funds requested.

Chapter 707 Moderate Rehabilitation Request

The total number of units requested.

AUTHORIZATION

Signature:

Signature of the Chief Elected Official and Chairman of the Housing Agency or Executive Office of authorized housing agency responsible for signing all grant documents.

Title:

Formal title of the office held by the Chief Elected Official.

Phone Number:

List the office phone number of the Chief Elected Official and Chairman of the housing agency.

CORE FOCUS PROGRAM
APPLICATION COVER SHEET

APPLICANT

COMMUNITY _____ HOUSING AGENCY _____

ADDRESS _____

CONTACT (NAME) _____

PERSON (TITLE) _____

ADDRESS: _____

PHONE: _____

PROJECT

Intended Use of MSCP Portion:

Total CORE FOCUS (MSCP) Request: \$ _____

Total Chapter 707 Moderate
Rehabilitation Unit Request _____

AUTHORIZATION

Signature of Chief Elected Official

Signature of Housing Authority Chairman

Typed Name and Title

Typed Name

Phone Number

Phone Number

(2) APPLICATION NARRATIVE SECTION - PROJECT AND DEVELOPER PROFILE

The applicant must provide a detailed description of each public or private action (e.g. land acquisition, site improvements, property rehabilitation, etc.) which is necessary to complete the proposed project. At a minimum, the requested information identified below shall be incorporated into this description. Further, for those projects involved in the rehabilitation of buildings, applicants shall indicate the total square footage; provide detailed plans and specifications; and cost estimates.

For residential rehabilitation, the following information shall be provided: total number of units by bedroom size; the anticipated rents for the individual units; and, the number of units (by bedroom size) which will be subsidized through the Chapter 707 Moderate Rehabilitation Program.

Development Site: Include a map along with a description of the physical characteristics of the site including existing buildings, utilities, special features and current conditions; the number of lots or land parcels to be assembled for the project (if applicable); current zoning (if re-zoning or special permits are required, indicate current status); historic significance of the site or the neighborhood in which the project site is located; environmental significance of the project (refer to 24 CFR 58); current liens and property tax status; and, any other information about the site that is relevant to the proposed project.

Acquisition and Relocation: Describe the number and type (e.g. commercial and residential) of structures (if any) to be acquired and indicate the number of businesses and/or households which will require relocation assistance. Projects requiring acquisition and/or relocation are subject to the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970.

Developers Profile: An identification of the principals of the buildings; a history of relevant development experience and description of the developers must be provided. The applicant must address the anticipated benefits which the developers expect to gain in undertaking the project.

Market/Project Feasibility: If there is information about the projected project use (i.e. residential/commercial) through analyses of formal feasibility studies, this information should be incorporated in the application. Particular emphasis should be placed upon (1) vacant space which is proposed to be put into use through rehabilitation, (2) any change (increase/decrease) in residential bedroom size and space and, (3) if business space or capacity will expand by a significant amount.

The Massachusetts Housing Partnership (MHP) has developed the Municipal Technical Assistance Program. This program allows communities to obtain professional services for key pre-development tasks. If the applicant has been a participant in the MHP Technical Assistance Program a brief description of the activities and the conclusions reached should be presented.

Supporting Documentation: Verifiable documentation must be provided for all project costs. The following items are required where applicable:

1. Purchase Agreement: For projects which include real estate acquisition, at the time of application submittal, the property must be under control of the participating principals through (1) an option to purchase or (2) an executed purchase agreement. If an option is chosen it should be for at least four to six months to allow for documentation gathering and processing. If a purchase agreement is entered into, it should be made contingent on obtaining CORE FOCUS funding in order to protect the buyer.
2. Appraisal: An independent appraisal is required if the developer is acquiring real estate. This is to document the fair market price of the proposed property. The appraisal should identify the "as-is" comparable value and the highest and best use value.
3. Written Cost Estimates: Applicants are required to provide written cost estimates on the scope of work that will be completed as part of the development project. Cost estimates must be specific and prorated between the commercial and residential components of the project. Further, the person/firm who had completed the estimates must be identified. EOCD may require that these cost estimates be reviewed and verified by another professional.

(3) PROJECT FINANCING

Applicants should carefully review the requirements set forth below for private commitment letters and financial analysis forms. If the required information is not provided the application will not be reviewed.

Developers' Commitment: Letters of commitment must be obtained from the developer which identify that CORE FOCUS funds are being utilized as "gap" financing technique, and that these CORE FOCUS funds will permit the project to move forward. This letter shall summarize the activities of each participating party; and, the source, amount, and status of all funds.

CORE FOCUS Use: Indicate the requested amount of CORE FOCUS funds, repayment rate and terms. Identify how the CORE FOCUS loan will be serviced over the course of the loan term. Identify how CORE FOCUS funds will be used; i.e. acquisition, rehabilitation and site improvements.

Private Lenders Commitment: Lender commitment letters must include:

1. Description of the type of loan (e.g., first mortgage, permanent financing construction financing, etc.) which the lender is making; the amount, conditions and status (approved, conditionally approved) of the loan;
2. The amount of the loan, the interest rate, the term, and the security.

Public Source Commitment (if applicable): Letters of commitment for funds directly related to the proposed project from other public sources should include: the amount and type of funding; the status of the commitment; and, any conditions which the community is required to meet prior to release of funds.

Financial Statements: Applicants must provide historical, and current financial statements for the private firm undertaking the proposed project, in addition to the financial analysis forms. Historical statements should include at least three fiscal years. Current statements must be within 90 days. Personal financials must be submitted from each individual if the developer is a partnership.

(4) ADMINISTRATIVE PLAN

The CORE FOCUS Program requires the commitment of two municipal units to coordinate the administration of the program -- a local governmental unit and the local housing authority/EOCD authorized non-profit agency. As part of this application an identification of the entities responsible for overall grant management shall be made as well as a description of the administrative structure which is proposed for project management.

It may be that one agency is responsible for a majority of the project activities. However, all administrative functions shall be clearly described for each agency/office. This shall include an identification of the number of staff persons assigned to the project, salary levels, the amount of time each person will devote to the project, and the professional qualifications of staff assigned to the project.

If a housing authority does not have the administrative capacity to conduct the project activities identified in the application, that agency may subcontract to other agencies (including local community development offices) to perform such services.

Identify any CORE FOCUS funded contracts that will be entered into for purposes of administering or providing technical assistance for the project. Note that grant recipients who receive CDBG funds must comply with Attachment O of OMB Circular A-102 which requires "maximum free and open competition" for all federally funded contracts. Therefore, no commitments to professional or technical firms can be entered into until required procurement procedures are followed.

Chapter 707 Administrative Fee

Explain how the public agencies and the developers will coordinate the project activities to ensure timely and successful completion of the project.

The Chapter 707 Moderate Rehabilitation Program allows administering housing agencies administrative funds associated with bringing units to lease-up-- known as the administrative fee.

The administrative fee is based upon the unit allocation of Chapter 707 Moderate Rehabilitation funds awarded to a project. These fees reflect administrative costs associated with (1) initially rehabilitating and leasing units (2) vacancy of units at time of lease-up and (3) on-going administrative costs associated with the Chapter 707 units.

Administrative costs directly related to start-up of the development project, units inspections, developing and reviewing work write-ups and estimates, reviewing and selecting bids from contractors are all eligible expenses which can be paid through a one-time preliminary fee.

The preliminary fee can not exceed \$400 per unit and is paid to the administrating agency(ies) in two parts:

1. \$150 per unit after costs associated with the above project activities has been incurred.
2. The balance of the maximum \$400 per unit fee shall be paid at the time of Chapter 707 unit lease up.

MSCP Administrative Funds

The Massachusetts Small Cities Program will permit up to 5 percent of the requested CORE FOCUS funds for administrative costs. The administrative funds must be for expenses not included in the Chapter 707 Moderate Rehabilitation Administrative fee. The applicant must clearly identify what administrative costs will be paid through MSCP resources.

(5) PROJECT SCHEDULE

Applicants are required to complete the enclosed Project Schedule form in accordance with the attached instructions. Sufficient detail and notations of project milestones should be provided. This implementation schedule will be used for evaluation during the application review and as a measurement of progress during program administration. With this in mind, schedules should measure progress realistically. Project schedules will be for a period of time not to exceed fifteen (15) months commencing with the grant award.

(6) PROGRAM INCOME RE-USE PLAN

Applicants who desire to retain program income which will be generated from loan paybacks must provide a concise description of the related activity proposed to be funded with local repayments; a description of the anticipated impact of the activity on community needs and the total amount of funds projected to be available from loan repayments. In addition the applicant must describe provisions made to insure that all loan repayments will be utilized for CDBG eligible activities.

(7) PUBLIC HEARING DOCUMENTATION

This form should be completed as per the instructions attached to the enclosed form. MSCP funds will not be awarded to any community that has not held a public hearing on the proposed project prior to its being submitted to EOCD. Complete documentation that the hearing was held must be submitted as part of the application.

(8) CERTIFICATIONS

In order to receive MSCP funds, the Chief Elected Official (or an official empowered to sign documents committing the applicant to certain actions) must sign the enclosed Certification form and enclose it with the application at the time of submittal.

PROJECT SCHEDULE INSTRUCTIONS

The implementation schedule included in the application will be appended to the grant agreement and become the basis upon which performance will be measured during the year. Preparation of a complete and feasible schedule will benefit the competitive rating of the application, and will also facilitate the prompt implementation of the grant program. Similarly, a poorly designed implementation schedule will be counted against an applicant.

In order to have information that can be compared for all applicants, major milestones have been listed for each primary activity. At a minimum, each of these milestones must be completed. Applicants may provide additional information should they so choose. Should an applicant propose an activity that is not contained on this form, it should be listed at the end of this schedule and milestones developed as appropriate. Any activity that is not shown on this schedule will not be considered for funding.

Opposite each activity listed, chart an appropriate timeline on the 15 month (5 quarter) scale shown. Use an "X" to mark single events, such as a construction start. Use a line to suggest ongoing activities. Chart each milestone individually. Do not show a continuous line of activity from grant start to grant close for each activity. Sufficient detail to allow progress to be measured over the course of the year must be provided.

MASSACHUSETTS SMALL CITIES PROGRAM

PROGRAM IMPLEMENTATION SCHEDULE

PROGRAM ACTIVITIES	GRANT PERIOD											
	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
<p>ACQUISITION/DEMOLITION</p> <ul style="list-style-type: none"> - Appraisals Received - Purchase and Sale Executed - Property Conveyed - Site Work Begun - Site Work Completed <p>REHABILITATION</p> <ul style="list-style-type: none"> - Financing package complete - Construction RFP advertised - Construction award made - Construction start, housing units - Construction start, commercial units - Construction 50% complete, housing - Construction 50% complete, commercial - Construction complete, housing - Construction complete, commercial <p>OTHER: (Name)</p>												

PUBLIC HEARING DOCUMENTATION INSTRUCTIONS

Applicants are required to hold one formal public hearing before submitting an application for MSCP funds. Notice of that hearing must be published at least once a week for at least two (2) successive weeks immediately prior to the date of the hearing in at least one newspaper of general circulation in the locality. For publication purposes, the first notice should be placed in the newspaper 15 days before the public hearing, while the second notice should be placed 8 days before the hearing. If there is no newspaper of general circulation in the community, the notice must be posted in at least three (3) public places in the locality for not less than 14 days prior to the date of the hearing. At a minimum, this notice should:

- (1) Identify the public body that is to hold the hearing.
- (2) Identify the agency that is to undertake the project.
- (3) Identify the date, time, and place of the hearing.
- (4) Identify the project area.
- (5) State that any person or organization wishing to be heard will be afforded an opportunity to be heard.

Public Hearing Information

Date Held:

List the date that the public hearing was held.

Attendance:

Give the number of people in attendance at this public hearing.

Location:

Give the name of the place where the hearing was held.

Hearing Officer:

Name of the person who conducted the public hearing.

Publication:

State the name(s) of the newspaper(s) or building(s) where this notice was posted/published.

Dates Published:

List the dates of publication or posting.

Public Hearing Documentation

Attach a copy of the notice advertising the public hearing.

MASSACHUSETTS SMALL CITIES PROGRAM

PUBLIC HEARING DOCUMENTATION

PUBLIC HEARING INFORMATION

Date Held: _____ Attendance: _____

Location: _____

Hearing Officer: _____

Publication(s): _____

Dates Published: _____

PUBLIC HEARING DOCUMENTATION

In the space provided below, please attach a copy of the public hearing notice as it appeared in the newspaper(s) listed above, or a copy of the notice as was posted in the appropriate public buildings.

MASSACHUSETTS SMALL CITIES PROGRAM

APPLICANT CERTIFICATIONS

On behalf of the applicant, of which I am a duly authorized local official empowered to sign such documents, I certify that the following actions have or will be taken:

- (1) The applicant will minimize displacement resulting from MSCP-funded projects whenever possible.
- (2) The project will be conducted in accordance with Title VI and Title VIII of the Civil Rights Act and, further, the applicant will affirmatively further fair housing.
- (3) The applicant has provided opportunities for citizen participation, and has conducted a public hearing, and has provided information to citizens regarding the project that is to be submitted for MSCP funding consistent with Section 104(a)(2) of Title I of the Housing and Community Development Act of 1974, as amended.
- (4) The applicant will not attempt to recover any capital costs of public improvements assisted in whole or in part with CDBG funds by assessing properties owned and occupied by low and moderate persons unless: (A) CDBG funds are used to pay the portion of such assessment that relates to non-CDBG funding or; (B) the applicant certifies to the State that, for the purposes of assessing properties owned and occupied by low and moderate income persons who are not very low income, the applicant does not have sufficient CDBG funds to comply with the provisions of "A" above.

By _____
Signature of Chief Elected Official

Typed Name

Title

Date

FINANCIAL ANALYSIS INSTRUCTIONS

The financial analysis forms contain five components: (1) Estimated Development Cost; (2) Financial Requirements; (3) Rental Income; (4) Operating Expenses; and (5) Cash Flow over 5 years.

This information will provide concrete data on the financial feasibility of the project and support the need of public assistance, particularly MSCP funds, which are necessary to enable the project to move forward.

For an application to be accepted this form must be fully completed. Failure to complete this financial analysis will delay project review and may cause the project not to receive MSCP assistance.

The information requested throughout the financial analysis is mostly self-explanatory. We have however, identified some requirements and policy considerations which an applicant must follow when completing this form.

I. Estimated Development Cost

Construction Costs

- Residential/Commercial (a & b) -- note the total square footage that will be rehabilitated/developed for rehabilitation and commercial use.
- Site work (d) -- briefly list the activities that will be accomplished through site work.
- Contingency (e) -- this amount shall not exceed 5% of the total construction cost, an acceptable range is 2 to 5 percent.
- Other (f) -- if this category is used, the applicant must identify the use of funds.

Fees

- Marketing -- if applicable, such fees will be allowed only for non-subsidized rental units and commercial space.

Financing

- the rate and term of the construction financing should be noted.
- identify what taxes will be paid during construction, i.e. water and sewer, real estate, etc.

II. Financing Program

Equity Contributions - identify in sections (a) or (b).

Debt - identify sources of all loans.

III. Gross Rents

Vacancy Rate - acceptable vacancy rates range between 3 to 5 percent. The Chapter 707 program will pay up to two months rent for units that become vacant after lease-up.

IV. Operating Expenses

Administrative

-the management fee is limited to 6 percent of gross rents (Chapter 707 Program Regulation).

Utilities

-the information requested are for those utility charges that are to paid by the owner

Maintenance

-Chapter 707 has developed program policies dependent upon unit size. They are as follows:

SRO, studio and 1 bedroom	\$576 per year for each unit
2 bedroom	\$660 per year for each unit
3+ bedroom	\$744 per year for each unit

For maintenance costs for non-subsidized units and commercial space, under "other" specify the rate and how it was determined.

General Expenses

- reserve for replacement -- for residential units which will be assisted through the Chapter 707 Program, replacement is limited to \$80 per year/per assisted unit. If costs exceed this limit, provide the basis on which the calculation was determined.

V. Cash Flow

For Year 1, applicants shall determine the requested information according to the instructions below:

1. Effective Gross Rents -- from Section III, Item D
2. Less Operating Expenses -- from Section IV, Item 5
3. Net Operating Income -- Line 1 minus Line 2
4. Less Debt Service -- from Section II, Total Annual Debt Service
5. Cash Flow -- Line 3 minus Line 4
6. Plus Principal -- from Section II, Item 4 -- sum the "Loan Amount" from 4a, 4b, 4c
7. Taxable Income -- Line 5 plus Line 6

In years 2 through 5, the applicant should repeat each step for each succeeding year. How the numbers are determined must be demonstrated by the applicant in an attachment. Communities must consider that over time it is expected that vacancy rates should decrease and gross rents should increase (Chapter 707 yearly rental increases average 8 percent). Operating expenses will increase over time to accomodate inflation and increased repair/maintenance demands.

FINANCIAL ANALYSIS

No. of Dwelling Units Before _____ After _____

I: ESTIMATED DEVELOPMENT COST

1. Construction Costs

a. Residential (_____ gross s.f. @ \$ _____ s.f.)	\$	
b. Commercial (_____ gross s.f. @ \$ _____ s.f.)	\$	
c. Demolition	\$	
d. Site Work	\$	
SUBTOTAL	\$	
e. Contingency (_____ % of Subtotal)	\$	
f. Other (specify)	\$	
TOTAL		\$ _____

2. Fees

a. Architectural & Engineering - Design	\$	
b. Architectural & Engineering - Supervision	\$	
c. Legal	\$	
d. Title & Recording	\$	
e. Marketing	\$	
f. Surveys and Soil Borings	\$	
g. Other (specify)	\$	
TOTAL		\$ _____

3. Financing & Carrying Charges

a. Construction Interest _____	\$	
b. Construction Financing Fee	\$	
c. Taxes During Construction _____	\$	
d. Insurance Premiums	\$	
e. Other	\$	
TOTAL		\$ _____

4. Land and/or Existing Building

a. Purchase (or Refinancing) Price	\$	
b. Relocation Costs	\$	
c. Other	\$	
TOTAL		\$ _____

5. Total Construction Development Cost

\$ _____

II: FINANCING PROGRAM

1. Total Construction Development Cost \$ _____

2. Less Equity Contributions:

A. \$ _____

B. \$ _____

3. Equals Amount to be Financed \$ _____

4. Debt (list all loans by descending seniority)

a. First Loan Amount \$ _____ (including points) _____

% rate _____, Term _____ years, amortized over _____ years

Security: _____ Monthly payment \$ _____ x 12 months \$ _____

Points () \$ _____ Source: _____

b. Second Loan Amount \$ _____ (including points) _____

% rate _____, Term _____ years, amortized over _____ years

Security: _____ Monthly payment \$ _____ x 12 months \$ _____

Points () \$ _____ Source: _____

c. Third Loan Amount \$ _____ (including points) _____

% rate _____, Term _____ years, amortized over _____ years

Security: _____ Monthly payment \$ _____ x 12 months \$ _____

Points () \$ _____ Source: _____

TOTAL ANNUAL DEBT SERVICE \$ _____

5. Total Development Cost (T.D.C.)

a. Total Loan Amounts \$ _____

b. Plus Total Equity \$ _____

c. Equals Total Development Cost \$ _____

III: GROSS RENTS
(First full year after completion of construction)

A. Apartment Rents

_____ (BR) x \$_____ per month at 12 months \$_____

_____ (BR) x \$_____ per month at 12 months \$_____

_____ (BR) x \$_____ per month at 12 months \$_____

_____ (BR) x \$_____ per month at 12 months \$_____

_____ (BR) x \$_____ per month at 12 months \$_____

_____ (BR) x \$_____ per month at 12 months \$_____

SUBTOTAL \$_____

Less vacancy rate of _____ % \$_____

TOTAL APARTMENT RENTS \$_____

B. Commercial Rents

_____ s.f. x \$_____ per s.f. = \$_____

_____ s.f. x \$_____ per s.f. = \$_____

_____ s.f. x \$_____ per s.f. = \$_____

_____ s.f. x \$_____ per s.f. = \$_____

SUBTOTAL \$_____

Less vacancy rate of _____ % \$_____

TOTAL COMMERCIAL REHAB \$_____

C. Other Income

Specify - i.e., laundry, parking, etc.) \$_____

TOTAL OTHER \$_____

D. Effective Gross Rents

\$_____

100

100

100

100

100

100

100

100

IV: OPERATING EXPENSES

A. Operating Costs

1. Administrative

a. Management Fee	\$ _____
b. Advertising	\$ _____
c. Audit	\$ _____
d. Other	\$ _____

SUBTOTAL \$ _____

2. Utilities

a. Electric (Heating _____, Cooking _____, Hot Water _____)	\$ _____
b. Oil _____ or Gas _____	\$ _____
c. Sewer	\$ _____
d. Water	\$ _____
e. Common Areas	\$ _____
f. Other (Explain)	\$ _____

SUBTOTAL \$ _____

3. Maintenance

a. SRO, Studio and 1 BR: # of units _____ x \$576	\$ _____
b. 2 bedroom: # of units _____ x \$660	\$ _____
c. 3+ bedroom: # of units _____ x \$744	\$ _____
d. Other	\$ _____
e. Other	\$ _____

SUBTOTAL \$ _____

4. General Expenses

a. Real Estate Taxes	\$ _____
b. Property Liability & Hazard Insurance	\$ _____
c. Other (Explain)	\$ _____
d. Reserve for replacement	\$ _____

SUBTOTAL \$ _____

5. Total Operating Expenses \$ _____

V: CASH FLOW

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>	<u>YEAR 5</u>
1. Effective Gross Rents	\$_____	\$_____	\$_____	\$_____	\$_____
2. Less Operating Expenses	\$_____	\$_____	\$_____	\$_____	\$_____
3. Equals Net Operating Income	\$_____	\$_____	\$_____	\$_____	\$_____
4. Less Debt Service	\$_____	\$_____	\$_____	\$_____	\$_____
5. Equals Cash Flow (Cash on Cash)	\$_____	\$_____	\$_____	\$_____	\$_____
6. Plus Principal	\$_____	\$_____	\$_____	\$_____	\$_____
7. Equals Taxable Income	\$_____	\$_____	\$_____	\$_____	\$_____

